



Memorandum

To: Chair & Members of the Economic Development Committee

From: Johanna Leonard, Economic Development Division Manager
Cindy Plante, Economic Development Specialist

Subject: 2016 Year-in-Review

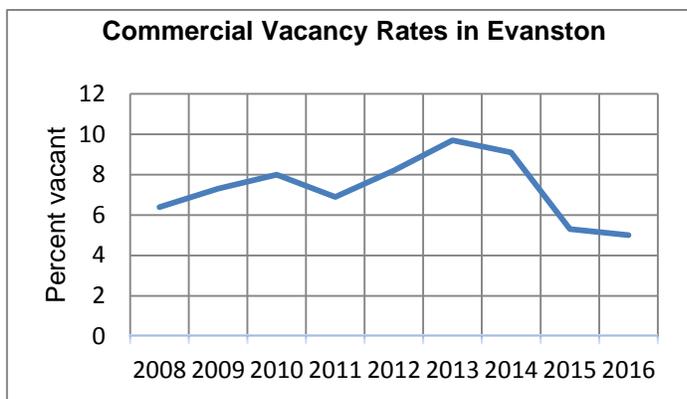
Date: February 14, 2016

Summary & Highlights

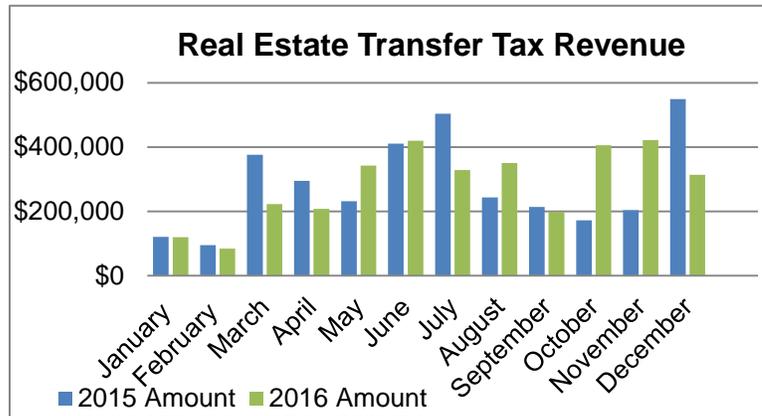
2016 was a busy year for new business starts and real estate transactions in Evanston. Based on the City's licensing data, **86 new businesses** opened in Evanston during 2016, compared to only 68 in 2015 and 43 in 2014. Of the year's new businesses, 41% are classified as food establishments for licensing purposes. The City took in **\$16.2 million** in home rule, municipal and vehicle rental sales tax during 2016.

Real Estate & Construction

High demand for commercial space pushed the City's **overall commercial vacancy rate to 5%**, its lowest in over 10 years according to data from CoStar Analytics. This comes despite the addition of new commercial space at Chicago Avenue and Main Street, and the closings of longtime Evanston businesses Davis Street Fishmarket, American Apparel, Levi's, Five Guys, Zoba Noodle Bar, and Thai Sookdee. Of the businesses that shuttered in 2016, many are already slated to be replaced soon.



Although it includes residential as well as commercial real estate, Real Estate Transfer Tax collections tell a similar story of demand in Evanston, with over 1,250 transactions recorded in 2016 generating **over \$3.4 million in transfer tax revenue**.



Notable commercial real estate transactions in 2016 include the sales of the **Hilton Garden Inn** (\$23.1 million purchase price),

415 Premiere Apartments (\$45.9 million purchase price) and **Symphony of Evanston** (\$22.9 million purchase price). The owners of **Ward Eight** also completed a purchase of 629 Howard Street from the City under a lease to own agreement executed in 2012. The City had purchased the building in 2011 for \$237,650, and sold it to the business owners for \$362,650.

Evanston issued permits for an estimated **\$412 million in commercial construction and renovation projects** in 2016, yielding **\$8.1 million in permit fees**. Construction and renovation activity at Northwestern University accounted for about 85% of these totals, with an estimated \$356 million in projects generating \$6.9 million in permit fees. The largest projects at Northwestern include the Wirtz Center for the Performing Arts, Rocky Miller Park, Lincoln Street Residence Hall, McCormick School of Engineering, and Willard Residential College. Elsewhere in Evanston, work at the Hyatt House hotel and planned developments at 1571 Maple and 835 Chicago Avenue also contributed to the totals, as did renovations at Evanston Plaza to make way for new businesses including Goodwill and Studio 5 expansion at Dance Center Evanston.

New Businesses

Major new business openings in Evanston in 2016 include the arrival of **Accuity**, a financial services firm that relocated its headquarters from Skokie, bringing an estimated **200 jobs** to the 1007 Church Street building in Downtown Evanston. Increased occupancy in the building led to the building's sale to new owners in early 2017. Evanston's new **Hyatt House** opened its doors to guests in 2016, adding 114 hotel rooms to Downtown Evanston. Several new businesses opened their doors at Evanston Plaza in 2016, including **Goodwill**, **Dollar Tree**, **Crossfit Factorial**, and the **Studio 5** expansion at Dance Center Evanston.

The **Main-Dempster Mile** special service area finished out its first full year of operation with the hiring of a full-time executive director and the installation of a public mural on the Washington Street CTA viaduct. Established in late 2015 at the request of area business owners, the Main-Dempster Mile special service area is funded by a small assessment on commercial property to assist in neighborhood beautification and business development activities in the business district abutting the Main Street and Dempster Street CTA stops. Within the district, both **Hewn** bakery and **Sketchbook** Brewing Co. completed substantial expansions in 2016, with Hewn expanding into an adjacent storefront and Sketchbook opening a taproom on Chicago Avenue.

The **Autobarn** also opened its expanded service facility off Howard Street in Evanston. Located behind Target on Howard Street, the 128,000 square-foot building previously housed a microphone factory and had been vacant since 2003. Plans to bring live theater to Howard Street also moved forward, with **Theo Ubuque** signing a memorandum of understanding to relocate operations and performances to 721-723 Howard Street, which is slated to be renovated beginning in 2017.

Entrepreneurship & Workforce Development

The Economic Development Fund sponsored three cohorts of the Sunshine Enterprises **Community Business Academy** program at a cost of \$150,000 (\$50,000 for each cohort). Community Business Academy offers intensive small business startup training targeted to women and minority entrepreneurs in the Evanston community. Each of the three cohorts attracted over 20 participants. Since the program came to Evanston in 2015 as a pilot, two alumnae have opened brick and mortar businesses in Evanston – **Jennifer’s Edibles** and **Eye Boutique Kloset**. During the annual budget process, initial steps were taken to develop a new entrepreneurship support program that will launch in early 2017, offering assistance with startup and expansion costs such as professional services, licensing, and equipment.

Participation in the Mayor’s Summer Youth Employment Program grew to its largest ever in terms of both the number of teens hired and the number of employers, providing 608 jobs for Evanston teens at over 20 employers throughout the community. Economic Development staff partnered with community sponsors to host two startup showcase events, each attracting about 100 attendees to hear pitches from Evanston entrepreneurs.

Throughout 2016, unemployment remained lower in Evanston than in Chicago or the State of Illinois as a whole.

